

Jesup Community School District

Independent Auditor's Reports  
Basic Financial Statements  
And Supplementary Information  
Schedule of Findings

June 30, 2007

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## **Jesup Community School District**

### **Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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#### **Board of Education**

##### **(Before September 2006 Election)**

Lisa Riensche	President	2006
Gin Vogel	Vice President	2007
Fritz DeMuth	Board Member	2007
Todd Rohlfen	Board Member	2008
Leonard Harting	Board Member	2008
Staci Brown	Board Member	2006
Kevin McCombs	Board Member	2006

#### **Board of Education**

##### **(After September 2006 Election)**

Gin Vogel	President	2007
Staci Brown	Vice President	2009
Fritz DeMuth	Board Member	2007
Todd Rohlfen	Board Member	2008
Leonard Harting	Board Member	2008
Carrie McGill	Board Member	2009
James Phillips	Board Member	2009

#### **School Officials**

Sarah Pinion	Superintendent	2007
Mary Anne Harrold	District Secretary/Treasurer and Business Manager	2007
Brian Gruhn	Attorney	2007

## Independent Auditor's Report

To the Board of Education of  
Jesup Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Jesup Community School District, Jesup, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

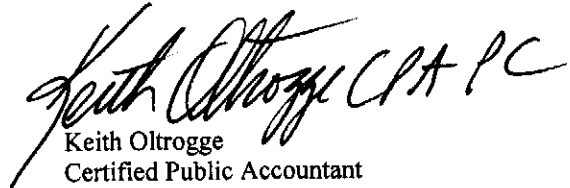
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Jesup Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated December 21, 2007 on my consideration of Jesup Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 11 and 33 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jesup Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge  
Certified Public Accountant

December 21, 2007

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Jesup Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2007 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$5,709,687 in fiscal 2006 to \$6,119,848 in fiscal 2007, and General Fund expenditures increased from \$5,796,125 in fiscal 2006 to \$6,122,587 in fiscal 2007. The District's General Fund balance decreased from \$2,049,783 in fiscal year 2006 to \$2,047,044 in fiscal year 2007, a .2% decrease.
- The increase in General Fund revenues was attributable to an increase in local tax and state revenue in fiscal year 2007.
- A decrease in the District's General Fund balance resulted in the District's solvency ratio decreasing from 35.4% in 2006 to 33% in fiscal 2007. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Jesup Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Jesup Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Jesup Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**Jesup Community School District Annual Financial Report**

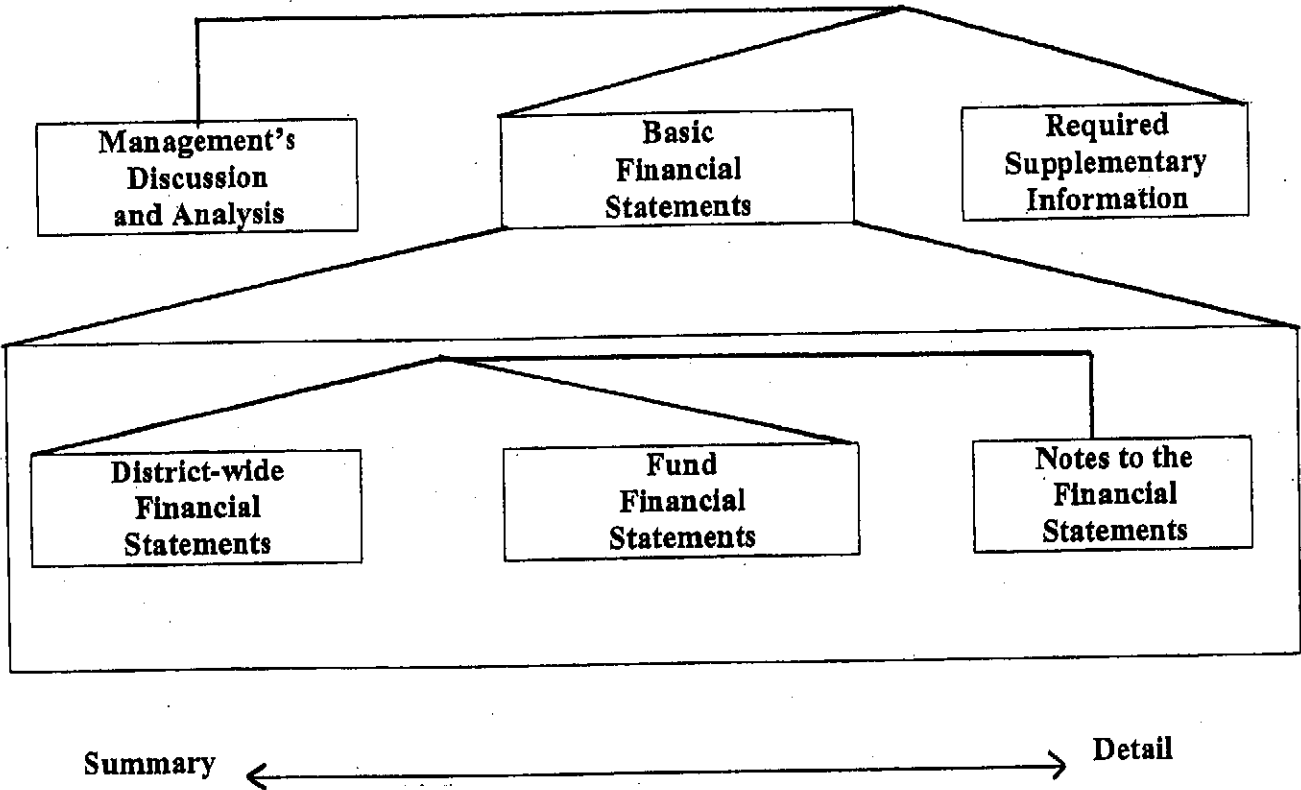


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**  
**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## **REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has three Enterprise Funds: the School Nutrition Fund, Swimming Pool Fund and Before and After School Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of a Trust Fund.

- Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2007 compared to June 30, 2006.

**Figure A-3**  
**Condensed Statement of Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-2007
Current and other assets	\$5,762,516	\$5,872,188	\$90,766	\$96,863	\$5,853,282	\$5,969,051	\$-115,769
Capital assets	7,629,185	7,461,190	24,919	27,817	7,654,104	7,489,007	165,097
Total assets	\$13,391,701	\$13,333,378	\$115,685	\$124,680	\$13,507,386	\$13,458,058	\$49,328
Long-term liabilities	\$4,367,743	\$4,616,235	\$-	\$-	\$4,367,743	\$4,616,235	\$-248,492
Other liabilities	2,744,983	2,732,425	9,774	14,114	2,754,757	2,746,539	8,218
Total liabilities	\$7,112,726	\$7,348,660	\$9,774	\$14,114	\$7,122,500	\$7,362,774	\$-240,274
Net assets:							
Invested in capital assets, net of related debt	\$3,261,442	\$2,844,955	\$24,919	\$27,817	\$3,286,361	\$2,872,772	\$413,589
Restricted	26,246	-	-	-	26,246	-	26,246
Unrestricted	2,991,287	3,139,763	80,992	82,749	3,072,279	3,222,512	-150,233
Total net assets	\$6,278,975	\$5,984,718	\$105,911	\$110,566	\$6,384,886	\$6,095,284	\$289,602

The District's combined net assets increased by nearly 12.6%, or \$413,589, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased by \$289,602, or 4.5%.

Figure A-4 shows the change in net assets for the year ended June 30, 2007.

**Figure A-4**  
**Changes in Net Assets**

	Governmental Activities	Business Type Activities	Total District
<b>Revenues:</b>			
Program revenues:			
Charges for service	\$600,078	\$244,766	\$844,844
Operating grants, contributions and restricted interest	867,441	102,328	969,769
Capital grants, contributions and restricted interest	-	-	-
General revenues:			
Property tax	2,122,547	-	2,122,547
Local option sales and service tax	472,887	-	472,887
Unrestricted state grants	3,053,598	-	3,053,598
Unrestricted investment earnings	112,329	1,260	113,589
Other	47,142	-	47,142
Total revenues	\$7,276,022	\$348,354	\$7,624,376
<b>Program expenses:</b>			
Governmental activities:			
Instruction	\$4,657,196	\$-	\$4,657,196
Support services	1,862,521	-	1,862,521
Non-instructional programs	-	353,009	353,009
Other expenses	462,048	-	462,048
Total expenses	\$6,981,765	\$353,009	\$7,334,774
Change in net assets	\$294,251	\$-4,655	\$289,602

Property tax and unrestricted state grants account for 67.9% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 88.9% of the total expenses.

#### **Governmental Activities**

Revenues for governmental activities were \$7,276,022 and expenses were \$6,981,765. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's governmental activities: instruction, support services, non-instructional programs and other expenses.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services
Instruction	\$4,657,196	\$3,248,259
Support Services	1,862,521	1,803,939
Non-instructional programs	-	-
Other expenses	462,048	462,048
Totals	\$6,981,765	\$5,514,246

- The cost financed by users of the District's programs was \$844,844.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$969,769.
- The net cost of governmental activities was financed with \$2,595,434 in property and other taxes and \$3,053,598 in unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities were \$348,354 and expenses were \$353,009. The District's business type activities include the Before & After School Fund, School Nutrition Fund and Swimming Pool Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### **INDIVIDUAL FUND ANALYSIS**

As previously noted, Jesup Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$6,278,975, above last year's ending fund balances of \$5,984,718.

### **BUDGETARY HIGHLIGHTS**

The District's receipts were \$308,041 more than budgeted receipts, a variance of 4%. The most significant variance resulted from the District receiving more in property taxes and state aid than originally anticipated.

The District's total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2007, the District had invested \$7,654,104, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 2% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$382,837.

The original cost of the District's capital assets was \$12,464,846. Governmental funds account for \$12,419,262, with the remainder of \$45,584 accounted for in the Proprietary, School Nutrition Fund.

**Figure A-6**  
**Capital Assets, net of Depreciation**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-2007
Land	\$33,500	\$33,500	\$-	\$-	\$33,500	\$33,500	\$-
Construction in progress	135,146	40,500	-	-	135,146	40,500	94,646
Buildings	6,491,579	6,557,966	-	-	6,491,579	6,557,966	-66,387
Improvements other than buildings	198,348	156,681	-	-	198,348	156,681	41,667
Furniture and equipment	770,612	672,543	24,919	27,817	795,531	700,360	95,171
Totals	\$7,629,185	\$7,461,190	\$24,919	\$27,817	\$7,654,104	\$7,489,007	\$165,097

### Long-Term Debt

At June 30, 2007, the District had \$4,367,743 in general obligation and other long-term debt outstanding. This represents a decrease of 5% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

**Figure A-7**  
**Outstanding Long-term Obligations**

	Total District		Total Change
	June 30,		June 30,
	2007	2006	2006-2007
General obligation bonds	\$4,280,000	\$4,470,000	\$-190,000
LOST revenue bond	87,743	146,235	-58,492
Totals	\$4,367,743	\$4,616,235	\$-248,492

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mary Anne Harrold, District Secretary/Treasurer and Business Manager, Jesup Community School District, 531 Prospect Street, P.O. Box 287, Jesup IA 50648.

## **Basic Financial Statements**

## Jesup Community School District

## Statement of Net Assets

June 30, 2007

	Govern- mental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents:			
Other	\$ 3,417,632	\$ 87,555	\$ 3,505,187
Receivables:			
Property tax:			
Delinquent	18,736	-	18,736
Succeeding year	2,168,422	-	2,168,422
Accounts	12,204	256	12,460
Due from other governments	145,522	-	145,522
Inventories	-	2,955	2,955
Capital assets, net of accumulated depreciation	7,629,185	24,919	7,654,104
<b>Total Assets</b>	<b>\$ 13,391,701</b>	<b>\$ 115,685</b>	<b>\$ 13,507,386</b>
<b>Liabilities</b>			
Accounts payable	\$ 54,701	\$ -	\$ 54,701
Salaries and benefits payable	493,275	4,928	498,203
Accrued interest payable	28,585	-	28,585
Deferred revenue-succeeding year property tax	2,168,422	-	2,168,422
Deferred revenue-other	-	4,846	4,846
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	200,000	-	200,000
LOST revenue bond payable	-	-	-
Portion due after one year:			
General obligation bonds payable	4,080,000	-	4,080,000
LOST revenue bond payable	87,743	-	87,743
<b>Total Liabilities</b>	<b>\$ 7,112,726</b>	<b>\$ 9,774</b>	<b>\$ 7,122,500</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 3,261,442	\$ 24,919	\$ 3,286,361
Restricted	26,246	-	26,246
Unrestricted	2,991,287	80,992	3,072,279
<b>Total Net Assets</b>	<b>\$ 6,278,975</b>	<b>\$ 105,911</b>	<b>\$ 6,384,886</b>

# Jesup Community School District

## Statement of Activities

Year Ended June 30, 2007

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Governmental Activities:</b>				
Instruction:				
Regular instruction	\$ 3,066,279	\$ 317,668	\$ 628,077	\$ -
Special instruction	777,204	26,205	172,757	-
Other instruction	813,713	256,205	8,025	-
	<u>\$ 4,657,196</u>	<u>\$ 600,078</u>	<u>\$ 808,859</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 116,722	\$ -	\$ -	\$ -
Instructional staff services	147,291	-	-	-
Administration services	703,360	-	-	-
Operation and maintenance of plant services	535,992	-	-	-
Transportation services	349,529	-	58,582	-
Community services	9,627	-	-	-
	<u>\$ 1,862,521</u>	<u>\$ -</u>	<u>\$ 58,582</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 10,343	\$ -	\$ -	\$ -
Long-term debt interest	179,582	-	-	-
AEA flow-through	272,123	-	-	-
	<u>\$ 462,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 6,981,765</u>	<u>\$ 600,078</u>	<u>\$ 867,441</u>	<u>\$ -</u>
<b>Business Type Activities:</b>				
Non-Instructional Programs:				
Food service operations	\$ 297,418	\$ 180,326	\$ 101,671	\$ -
Swimming pool operations	23,773	30,710	-	-
Before & after school	31,818	33,730	657	-
	<u>\$ 353,009</u>	<u>\$ 244,766</u>	<u>\$ 102,328</u>	<u>\$ -</u>
<b>Total</b>	<u>\$ 7,334,774</u>	<u>\$ 844,844</u>	<u>\$ 969,769</u>	<u>\$ -</u>



Net (Expense) Revenue  
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-2,120,534	\$	-	\$ -2,120,534
	-578,242		-	-578,242
	-549,483		-	-549,483
\$	-3,248,259	\$	-	\$ -3,248,259
\$	-116,722	\$	-	\$ -116,722
	-147,291		-	-147,291
	-703,360		-	-703,360
	-535,992		-	-535,992
	-290,947		-	-290,947
	-9,627		-	-9,627
\$	-1,803,939	\$	-	\$ -1,803,939
\$	-10,343	\$	-	\$ -10,343
	-179,582		-	-179,582
	-272,123		-	-272,123
\$	-462,048	\$	-	\$ -462,048
\$	-5,514,246	\$	-	\$ -5,514,246
\$	-	\$	-15,421	\$ -15,421
	-		6,937	6,937
	-		2,569	2,569
\$	-	\$	-5,915	\$ -5,915
\$	-5,514,246	\$	-5,915	\$ -5,520,161

**Jesup Community School District**

**Statement of Activities**

**Year Ended June 30, 2007**

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			

**General Revenues:**

Property Tax Levied For:  
    General purposes  
    Debt service  
    Capital outlay  
Local option sales and services tax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total General Revenues

Change in net assets  
Net assets beginning of year

Net Assets End of Year

Net (Expense) Revenue  
And Changes in Net Assets

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Governmental Activities	Business Type Activities	Total
\$ 1,892,697	\$ -	\$ 1,892,697
169,095	-	169,095
60,755	-	60,755
472,887	-	472,887
3,053,598	-	3,053,598
112,329	1,260	113,589
47,142	-	47,142
<hr/>		
\$ 5,808,503	\$ 1,260	\$ 5,809,763
<hr/>		
\$ 294,257	\$ -4,655	\$ 289,602
5,984,718	110,566	6,095,284
<hr/>		
\$ 6,278,975	\$ 105,911	\$ 6,384,886
<hr/>		

## Jesup Community School District

Balance Sheet  
Governmental Funds

June 30, 2007

	General	Capital Projects	Non-major Special Revenue	Total
<b>Assets</b>				
Cash and Pooled Investments:				
Other	\$ 2,447,970	\$ 616,341	\$ 353,321	\$ 3,417,632
Receivables:				
Property Tax:				
Delinquent	15,360	-	3,376	18,736
Succeeding year	1,760,028	-	408,394	2,168,422
Accounts	12,204	-	-	12,204
Due from other governments	115,931	29,591	-	145,522
<b>Total Assets</b>	<b>\$ 4,351,493</b>	<b>\$ 645,932</b>	<b>\$ 765,091</b>	<b>\$ 5,762,516</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 51,493	\$ 78	\$ 3,130	\$ 54,701
Salaries and benefits payable	492,928	-	347	493,275
Deferred Revenue:				
Succeeding year property tax	1,760,028	-	408,394	2,168,422
Total Liabilities	<b>\$ 2,304,449</b>	<b>\$ 78</b>	<b>\$ 411,871</b>	<b>\$ 2,716,398</b>
Fund Balances:				
Reserved	\$ 26,246	\$ -	\$ -	\$ 26,246
Unreserved	2,020,798	645,854	353,220	3,019,872
Total Fund Balance	<b>\$ 2,047,044</b>	<b>\$ 645,854</b>	<b>\$ 353,220</b>	<b>\$ 3,046,118</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,351,493</b>	<b>\$ 645,932</b>	<b>\$ 765,091</b>	<b>\$ 5,762,516</b>

## Jesup Community School District

Reconciliation of the Balance Sheet – Governmental Funds  
To the Statement of Net Assets

June 30, 2007

<b>Total fund balances of governmental funds (page 15)</b>	\$ 3,046,118
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	7,629,185
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-28,585
Long-term liabilities, including bonds payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds	-4,367,743
<b>Net assets of governmental activities (page 12)</b>	<u>\$ 6,278,975</u>

## Jesup Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2007

	General	Capital Projects	Non-Major Special Revenue	Total
<b>Revenues:</b>				
Local Sources:				
Local tax	\$ 1,742,554	\$ 472,887	\$ 379,993	\$ 2,595,434
Tuition	327,907	-	-	327,907
Other	128,651	27,916	275,075	431,642
Intermediate sources	-	-	-	-
State sources	3,685,740	-	303	3,686,043
Federal sources	234,996	-	-	234,996
Total Revenues	\$ 6,119,848	\$ 500,803	\$ 655,371	\$ 7,276,022
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular instruction	\$ 2,789,037	\$ -	\$ 32,589	\$ 2,821,626
Special instruction	768,508	-	-	768,508
Other instruction	562,143	-	231,128	793,271
	\$ 4,119,688	\$ -	\$ 263,717	\$ 4,383,405
Support Services:				
Student services	\$ 115,002	\$ -	\$ 1,720	\$ 116,722
Instructional staff services	146,899	-	392	147,291
Administration services	692,505	-	3,647	696,152
Operation and maintenance of plant services	445,427	-	82,894	528,321
Transportation services	325,829	-	136,308	462,137
Community services	5,114	-	4,513	9,627
	\$ 1,730,776	\$ -	\$ 229,474	\$ 1,960,250
Other Expenditures:				
Facilities acquisition	\$ -	\$ 349,625	\$ 4,775	\$ 354,400
Long-Term Debt:				
Principal	-	-	248,492	248,492
Interest and fiscal charges	-	-	178,935	178,935
AEA flow-through	272,123	-	-	272,123
	\$ 272,123	\$ 349,625	\$ 432,202	\$ 1,053,950
Total Expenditures	\$ 6,122,587	\$ 349,625	\$ 925,393	\$ 7,397,605
Excess (deficiency) of revenues over (under) expenditures	\$ -2,739	\$ 151,178	\$ -270,022	\$ -121,583
Other Financing Sources (Uses):				
Operating transfers in (out)	-	-258,492	258,492	-
Net change in fund balances	\$ -2,739	\$ -107,314	\$ -11,530	\$ -121,583
Fund balances beginning of year	2,049,783	753,168	364,750	3,167,701
Fund Balances End of Year	\$ 2,047,044	\$ 645,854	\$ 353,220	\$ 3,046,118

See notes to financial statements.

## Jesup Community School District

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds  
To the Statement of Activities**

**Year Ended June 30, 2007**

**Net change in fund balances – total governmental funds (page 17)** \$ -121,583

***Amounts reported for governmental activities in the Statement of Activities are  
different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 547,334	
Depreciation expense	-379,339	167,995

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Repaid	248,492
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

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<b>Change in Net Assets of Governmental Activities (page 14)</b>	\$ 294,257
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## Jesup Community School District

Statement of Net Assets  
Proprietary Funds

June 30, 2007

	Before & After School	Swimming Pool	School Nutrition
<b>Assets</b>			
Cash and cash equivalents	\$ 5,748	\$ 48,634	\$ 33,173
Accounts receivable	-	-	256
Inventories	-	-	2,955
Capital assets, net of accumulated depreciation	-	-	24,919
<b>Total Assets</b>	<b>\$ 5,748</b>	<b>\$ 48,634</b>	<b>\$ 61,303</b>
<b>Liabilities</b>			
Salaries and benefits payable	\$ -	\$ 4,482	\$ 446
Deferred revenue	-	-	4,846
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 4,482</b>	<b>\$ 5,292</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 24,919
Unrestricted	5,748	44,152	31,092
<b>Total Net Assets</b>	<b>\$ 5,748</b>	<b>\$ 48,634</b>	<b>\$ 56,011</b>



## Jesup Community School District

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds

June 30, 2007

	Before & After School	Swimming Pool	School Nutrition
Operating revenues:			
Local sources:			
Charges for service	\$ 33,730	\$ 30,710	\$ 180,326
Operating expenses:			
Non-instructional programs:			
Operations:			
Salaries	\$ 25,987	\$ 13,217	\$ 112,170
Benefits	2,998	1,147	23,549
Purchased services	-	252	1,524
Supplies	2,833	8,762	156,677
Other	-	395	-
Depreciation	-	-	3,498
Total operating expenses	\$ 31,818	\$ 23,773	\$ 297,418
Operating income (loss)	\$ 1,912	\$ 6,937	\$ -117,092
Non-operating revenues:			
State sources	\$ -	\$ -	\$ 4,194
Federal sources	657	-	97,477
Interest income	-	-	1,260
Total non-operating revenues	\$ 657	\$ -	\$ 102,931
Change in net assets	\$ 2,569	\$ 6,937	\$ -14,161
Net assets beginning of year	3,179	37,215	70,172
Net Assets End of Year	\$ 5,748	\$ 44,152	\$ 56,011

## Jesup Community School District

Statement of Cash Flows  
Proprietary Fund

Year Ended June 30, 2007

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 180,913
Cash paid to employees for services	-140,768
Cash paid to suppliers for goods or services	-144,990
Net cash used by operating activities	<u>\$ -104,845</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 4,194
Federal grants received	82,210
Net cash provided by non-capital financing activities	<u>\$ 86,404</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>\$ -600</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 1,260</u>
Net decrease in cash and cash equivalents	\$ -17,781
Cash and cash equivalents beginning of year	<u>50,954</u>
Cash and Cash Equivalents End of Year	<u>\$ 33,173</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ -117,092
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	15,867
Depreciation	3,498
(Increase) in inventories	-2,107
(Increase) in accounts receivable	-20
(Decrease) in salaries and benefits payable	-5,598
Increase in deferred revenue	<u>607</u>
Net Cash Used by Operating Activities	<u>\$ -104,845</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2007, the District received \$15,267 of federal commodities.

## Jesup Community School District

Statement of Cash Flows  
Proprietary Fund

Year Ended June 30, 2007

	Swimming Pool
Cash flows from operating activities:	
Cash received from services	\$ 30,710
Cash paid to employees for services	-13,714
Cash paid to suppliers for goods or services	-9,408
Net cash provided by operating activities	<u>\$ 7,588</u>
Net increase in cash and cash equivalents	\$ 7,588
Cash and cash equivalents beginning of year	<u>41,046</u>
Cash and Cash Equivalents End of Year	<u>\$ 48,634</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating income	\$ 6,937
Adjustments to reconcile operating loss to net cash used by operating activities:	
Increase in salaries and benefits payable	<u>651</u>
Net Cash Provided by Operating Activities	<u>\$ 7,588</u>

## Jesup Community School District

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2007

	Trust Scholarship
<b>Assets</b>	
Cash and pooled investments	\$ 5,179
<b>Total Assets</b>	<u>\$ 5,179</u>
<b>Liabilities</b>	
Accounts payable	<u>\$ -</u>
<b>Net assets</b>	
Reserved for scholarships	<u>\$ 5,179</u>

**Jesup Community School District**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**

**Year Ended June 30, 2007**

	<u>Trust Scholarship</u>
Additions:	
Local sources:	
Interest income	<u>\$ 744</u>
Deductions:	
Support services:	
Scholarships awarded	<u>\$ -</u>
Change in net assets	\$ 744
Net assets beginning of year	<u>4,435</u>
Net Assets End of Year	<u>\$ 5,179</u>

## **Jesup Community School District**

### **Notes to Financial Statements**

**June 30, 2007**

#### **(1) Summary of Significant Accounting Policies**

Jesup Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Jesup, Iowa and portions of the predominately agricultural territories in Buchanan and Black Hawk Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

##### **A. Reporting Entity**

For financial reporting purposes, Jesup Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Jesup Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

##### **B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, Before and After School Fund, School Nutrition Fund and Swimming Pool Fund. These funds are used to account for the food service and swimming pool operations and before and after school program of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.



Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

**(3) Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 258,492

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 33,500	\$ -	\$ -	\$ 33,500
Construction in progress	40,500	94,646	-	135,146
Total capital assets not being depreciated	\$ 74,000	\$ 94,646	\$ -	\$ 168,646
Capital assets being depreciated:				
Buildings	\$ 9,142,387	\$ 129,763	\$ -	\$ 9,272,150
Improvements other than buildings	487,317	68,270	-	555,587
Furniture and equipment	2,208,880	254,655	40,656	2,422,879
Total capital assets being depreciated	\$ 11,838,584	\$ 452,688	\$ 40,656	\$ 12,250,616
Less accumulated depreciation for:				
Buildings	\$ 2,584,421	\$ 196,150	\$ -	\$ 2,780,571
Improvements other than buildings	330,636	26,603	-	357,239
Furniture and equipment	1,536,337	156,586	40,656	1,652,267
Total accumulated depreciation	\$ 4,451,394	\$ 379,339	\$ 40,656	\$ 4,790,077
Total capital assets being depreciated, net	\$ 7,387,190	\$ 73,349	\$ -	\$ 7,460,539
Governmental Activities Capital Assets, Net	\$ 7,461,190	\$ 167,995	\$ -	\$ 7,629,185

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 61,713	\$ 600	\$ 16,729	\$ 45,584
Less accumulated depreciation	33,896	3,498	16,729	20,665
Business Type Activities Capital Assets, Net	\$ 27,817	\$ -2,898	\$ -	\$ 24,919

Depreciation expense was charged to the following functions:

**Governmental Activities:**

**Instruction:**

Regular	\$ 265,419
Special	11,496
Other	20,442

**Support services:**

Instructional staff	-
Administration	7,208
Operation and maintenance of plant	35,396
Transportation	39,378
Total Depreciation Expense – Governmental Activities	\$ 379,339

**Business Type Activities:**

Food service operations	\$ 3,498
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**(5) Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
General obligation bonds	\$ 4,470,000	\$ -	\$ 190,000	\$ 4,280,000	\$ 200,000
LOST revenue bond	146,235	-	58,492	87,743	-
Total	\$ 4,616,235	\$ -	\$ 248,492	\$ 4,367,743	\$ 200,000

**General Obligation Bonds Payable**

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issued May 2003			
	Interest Rates	Principal	Interest	Total
2008	3.25%	\$ 200,000	\$ 171,510	\$ 371,510
2009	3.375%	210,000	165,010	375,010
2010	3.50%	215,000	157,923	372,923
2011	3.60%	220,000	150,398	370,398
2012	3.75%	230,000	142,478	372,478
2013	3.80%	240,000	133,853	373,853
2014	4.00%	245,000	124,733	369,733
2015	4.00%	255,000	114,933	369,933
2016	4.00%	265,000	104,733	369,733
2017	4.00%	275,000	94,133	369,133
2018	4.10%	290,000	83,133	373,133
2019	4.20%	300,000	71,243	371,243
2020	4.25%	310,000	58,643	368,643
2021	4.35%	325,000	45,468	370,468
2022	4.45%	340,000	31,330	371,330
2023	4.50%	360,000	16,200	376,200
Total		\$ 4,280,000	\$ 1,665,721	\$ 5,945,721

**LOST Revenue Bond Payable**

Details of the District's June 30, 2007 LOST revenue bonded indebtedness are as follows:

Year Ending June 30,	Issued July 1, 2005	
	Principal	
2009	29,246	
2010	29,246	
2011	29,251	
	\$ 87,743	

The District is only liable for the principal on this loan; interest is being paid by an NSSI grant, deposited into the Great Western Bank.

During the year ended June 30, 2007, the District made principal, interest and fees payments totaling \$427,427 under the agreement.

**(6) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$243,082, \$225,672, and \$220,258, respectively, equal to the required contributions for each year.

**(7) Risk Management**

Jesup Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(8) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$272,123 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(9) Commitments**

The District entered into contracts for the construction of a new rural school, which is in "construction-in-progress" for \$135,146 at June 30, 2007. The total cost of the contracts is \$353,600 to be completed in July or August of 2008.

## **Required Supplementary Information**

**Jesup Community School District**

**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –  
Budget and Actual – All Governmental Funds and Proprietary Fund**

**Required Supplementary Information**

**Year Ended June 30, 2007**

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 3,354,983	\$ 246,026
Intermediate sources	-	-
State sources	3,686,043	4,194
Federal sources	234,996	98,134
Total Receipts	<u>\$ 7,276,022</u>	<u>\$ 348,354</u>
Disbursements:		
Instruction	\$ 4,383,405	\$ -
Support services	1,960,250	-
Non-instructional programs	-	353,009
Other expenditures	1,053,950	-
Total Disbursements	<u>\$ 7,397,605</u>	<u>\$ 353,009</u>
Excess (deficiency) of receipts over (under) disbursements	\$ -121,583	\$ -4,655
Balances beginning of year	<u>3,167,701</u>	<u>110,566</u>
Balances End of Year	<u>\$ 3,046,118</u>	<u>\$ 105,911</u>

See accompanying independent auditor's report.

	Total Actual		Budgeted Amounts		Final to Actual Variance
\$	3,601,009	\$	3,311,323	\$	289,686
	-		-		-
	3,690,237		3,675,012		15,225
	333,130		330,000		3,130
\$	7,624,376	\$	7,316,335	\$	308,041
\$	4,383,405	\$	4,533,050	\$	149,645
	1,960,250		2,172,000		211,750
	353,009		416,500		63,491
	1,053,950		1,322,631		268,681
\$	7,750,614	\$	8,444,181	\$	693,567
\$	-126,238	\$	-1,127,846	\$	1,001,608
	3,278,267		2,692,905		585,362
\$	3,152,029	\$	1,565,059	\$	1,586,970



**Jesup Community School District**

**Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2007**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

## **Other Supplementary Information**

## Jesup Community School District

Combining Balance Sheet  
Non-Major Special Revenue Funds

June 30, 2007

	Debt Service	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
<b>Assets</b>					
Cash and pooled investments	\$ 19,272	\$ 146,207	\$ 118,462	\$ 69,380	\$ 353,321
Receivables:					
Property Tax:					
Delinquent	1,502	1,334	-	540	3,376
Succeeding year	246,810	100,000	-	61,584	408,394
<b>Total Assets</b>	<b>\$ 267,584</b>	<b>\$ 247,541</b>	<b>\$ 118,462</b>	<b>\$ 131,504</b>	<b>\$ 765,091</b>
<b>Liabilities &amp; Fund Equity</b>					
Liabilities:					
Accounts payable	\$ -	\$ 2,435	\$ 695	\$ -	\$ 3,130
Salaries and benefits payable	-	-	347	-	347
Deferred revenue:					
Succeeding year property tax	246,810	100,000	-	61,584	408,394
Total Liabilities	\$ 246,810	\$ 102,435	\$ 1,042	\$ 61,584	\$ 411,871
Fund Equity:					
Unreserved fund balances	\$ 20,774	\$ 145,106	\$ 117,420	\$ 69,920	\$ 353,220
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$ 267,584</b>	<b>\$ 247,541</b>	<b>\$ 118,462</b>	<b>\$ 131,504</b>	<b>\$ 765,091</b>

**Jesup Community School District**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**

**Year Ended June 30, 2007**

	Debt Service	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
<b>Revenues:</b>					
Local Sources:					
Local tax	\$ 169,095	\$ 150,143	\$ -	\$ 60,755	\$ 379,993
Other	1,064	10,093	253,026	10,892	275,075
State sources	135	120	-	48	303
Total Revenues	<u>\$ 170,294</u>	<u>\$ 160,356</u>	<u>\$ 253,026</u>	<u>\$ 71,695</u>	<u>\$ 655,371</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular instruction	\$ -	\$ 32,589	\$ -	\$ -	\$ 32,589
Other instruction	-	-	231,128	-	231,128
Support Services:					
Student services	-	1,720	-	-	1,720
Instructional staff services	-	392	-	-	392
Administration services	-	3,647	-	-	3,647
Operation and maintenance of plant services	-	59,294	-	23,600	82,894
Transportation services	-	12,286	-	124,022	136,308
Community services	-	-	4,513	-	4,513
Other expenditures:					
Facilities acquisition	-	-	-	4,775	4,775
Principal	248,492	-	-	-	248,492
Interest and fiscal charges	178,935	-	-	-	178,935
Total Expenditures	<u>\$ 427,427</u>	<u>\$ 109,928</u>	<u>\$ 235,641</u>	<u>\$ 152,397</u>	<u>\$ 925,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -257,133</u>	<u>\$ 50,428</u>	<u>\$ 17,385</u>	<u>\$ -80,702</u>	<u>\$ -270,022</u>
Other Financing Sources (Uses):					
Operating transfers in	<u>\$ 258,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,492</u>
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	<u>\$ 1,359</u>	<u>\$ 50,428</u>	<u>\$ 17,385</u>	<u>\$ -80,702</u>	<u>\$ -11,530</u>
Fund balances beginning of year	<u>19,415</u>	<u>94,678</u>	<u>100,035</u>	<u>150,622</u>	<u>364,750</u>
Fund Balances End of Year	<u>\$ 20,774</u>	<u>\$ 145,106</u>	<u>\$ 117,420</u>	<u>\$ 69,920</u>	<u>\$ 353,220</u>

## Jesup Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2007

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Choir robes	\$ 2,294	\$ 2,061	\$ -	\$ 130	\$ 4,485
Activity books	2,226	9,442	-	-10,108	1,560
Athletics	13,012	81,602	96,943	7,985	5,656
Fine arts	5,310	11,280	4,958	-5,301	6,331
Student Council	9,030	10,828	10,772	-275	8,811
Summer ball	8,095	5,486	5,208	-88	8,285
FHA	803	8,790	8,125	-	1,468
High School Fine Arts Trip	-1,650	10,541	11,031	7,801	5,661
Language Club	771	363	377	-	757
Miscellaneous	1,618	2,920	3,059	12	1,491
Yearbook	6,059	11,754	12,888	162	5,087
National Honor Society	295	137	222	-	210
Class of 2005	326	-	-	-163	163
Class of 2006	2,630	-	2,630	-	-
Class of 2007	2,165	1,059	1,454	50	1,820
Class of 2008	2,540	9,006	8,981	75	2,640
Class of 2009	1,977	220	251	50	1,996
Class of 2010		5,756	3,127	100	2,729
Middle School	5,070	6,307	7,605	23	3,795
FFA	2,536	14,778	12,521	-	4,793
J-Stars	8,004	42,334	11,270	-24,570	14,498
Tree Project	29	-	-	-	29
Interest account	16,180	5,638	-	-	21,818
Elementary	4,820	12,192	30,309	24,117	10,820
PTO	5,895	532	3,910	-	2,517
Total	\$ 100,035	\$ 253,026	\$ 235,641	\$ -	\$ 117,420

## Jesup Community School District

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

## For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
Revenues:				
Local Sources:				
Local tax	\$ 2,595,434	\$ 2,403,758	\$ 1,815,802	\$ 1,858,831
Tuition	327,907	275,991	298,173	308,685
Other	431,642	521,100	833,829	737,297
Intermediate sources	-	-	-	-
State sources	3,686,043	3,522,995	3,141,551	3,291,040
Federal sources	234,996	273,936	675,829	1,337,382
Total	\$ 7,276,022	\$ 6,997,780	\$ 6,765,184	\$ 7,533,235
Expenditures:				
Instruction:				
Regular instruction	\$ 2,821,626	\$ 2,668,183	\$ 2,519,755	\$ 2,523,006
Special instruction	768,508	736,763	727,863	721,687
Other instruction	793,271	751,050	689,613	459,065
Support services:				
Student services	116,722	113,227	439,592	284,723
Instructional staff services	147,291	129,927	179,958	163,584
Administration services	696,152	665,048	718,590	763,110
Operation and maintenance of plant services	528,321	447,598	368,754	454,477
Transportation services	462,137	329,828	282,983	265,734
Community services	9,627	4,551	5,911	4,332
Other expenditures:				
Facilities acquisition	354,400	901,040	3,016,743	2,767,935
Long-term debt:				
Principal	248,492	185,000	175,000	170,000
Interest and other charges	178,935	185,872	192,435	198,810
AEA flow-through	272,123	249,422	246,686	251,380
Total	\$ 7,397,605	\$ 7,367,509	\$ 9,563,883	\$ 9,027,843

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

To the Board of Education of  
Jesup Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Jesup Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated December 21, 2007. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Jesup Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Jesup Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Jesup Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Jesup Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Jesup Community School District's financial statements that is more inconsequential will not be prevented or detected by Jesup Community School District's internal control. I consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Jesup Community School District's internal control.



My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

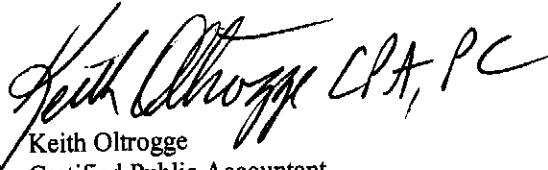
#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jesup Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Jesup Community School District and other parties to whom Jesup Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Jesup Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

  
Keith Oltrogge  
Certified Public Accountant

December 21, 2007

**Jesup Community School District**

**Schedule of Findings**

**Year Ended June 30, 2007**

**Part I – Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCIES:**

No matters were reported.

**Jesup Community School District**

**Schedule of Findings**

**Year Ended June 30, 2007**

**Part II - Other Findings Related to Statutory Reporting:**

- II-A-07 Certified Budget – Disbursements for the year ended June 30, 2007 did not exceed the certified budget amounts.
- II-B-07 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-07 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-07 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-E-07 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- II-F-07 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted.
- II-G-07 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-I-07 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.